

TULSA PUBLIC SCHOOLS

Monthly Budget Update - October month-end

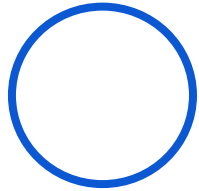


Our goals for today

- October month-end status

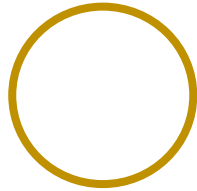


Tulsa Public Schools Board Budget Governance



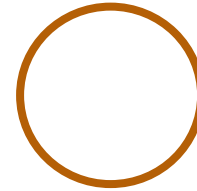
**FY 24 Preliminary
Budget (approved)**

June 2023



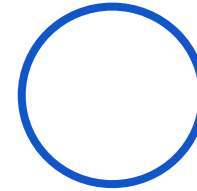
**FY23 Year End
(update)**

September 2023



**FY24 Mid-year
Amendment (for
approval)**

April 2024



**FY25 Preliminary
Budget (for
approval)**

June 2024

Monthly Budget Reports (for approval or update)

- Monthly budget update to the board (new, 1 per month)
- Expenditure report (new, 1 per month)
- Encumbrance report (for approval, 2 per month) - revised format
- Board agenda items (for approval, 2 per month)

Monthly Board Finance Committee Meetings

The Current Fiscal Year



Key takeaways for October month-end

- **Budget tools:**
 - We have created new monthly reporting and monitoring tools that allow us to more accurately predict finances and inform budget management recommendations
- **Budget insights:**
 - General Fund Revenue: Year-to-date, we've collected \$2.8M less in revenue than last year.
 - We expect to collect about \$25M more this year vs. last year, driven by state aid increases for certified staff raises.
 - General Fund Expense: Year-to-date, we've spent \$2.4M more than last year.
 - We expect to spend about \$20M more this year vs. last year based on investments in compensation for teachers and support professionals
 - Based on this, we project we will add \$17M to the fund balance at the end of this year. This will support us in having a fiscal runway instead of a fiscal cliff for multi-year planning



Fund balance overview

We need approximately \$32 million in fund balance between the GF, BF, and CN funds because during the first 6 months of the year, we spend more money than we receive. We get very little in tax revenue until the January payment and state aid is paid out 11 months of the year - we do not get any state aid in July.



FY24 Budget (*a reminder*)

Fund	Preliminary FY24 Revenue	Preliminary FY24 Expenses
General Fund	\$ 427,027,914*	\$ 371,561,278
Building Fund	25,235,968	22,711,114
Child Nutrition Fund	23,393,944	22,593,944
Capital Improvement Fund (Bond)	106,781,895	106,781,895
Debt Service Fund	170,259,379	170,259,379
Worker's Comp	<u>2,668,003</u>	<u>2,668,003</u>
Total	\$755,367,103	\$696,575,613

*This includes fund balance amount



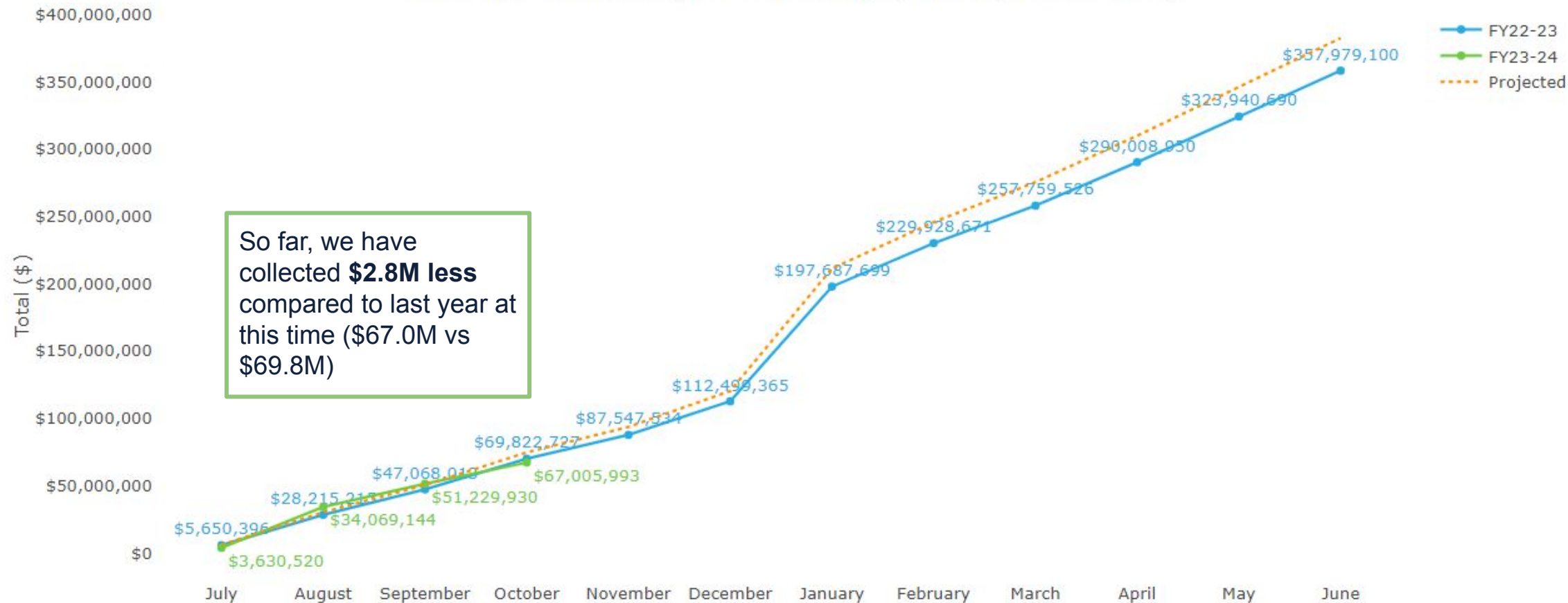
We are on track to collect about \$25M more this year vs. last year

The following graph describes the actual cumulative monthly revenue in FY23-24 versus FY22-23. [Draft Projection Line]

FY24 Actual Revenue (Year-Over-Year) by Month [General Fund]

Predicted year end:

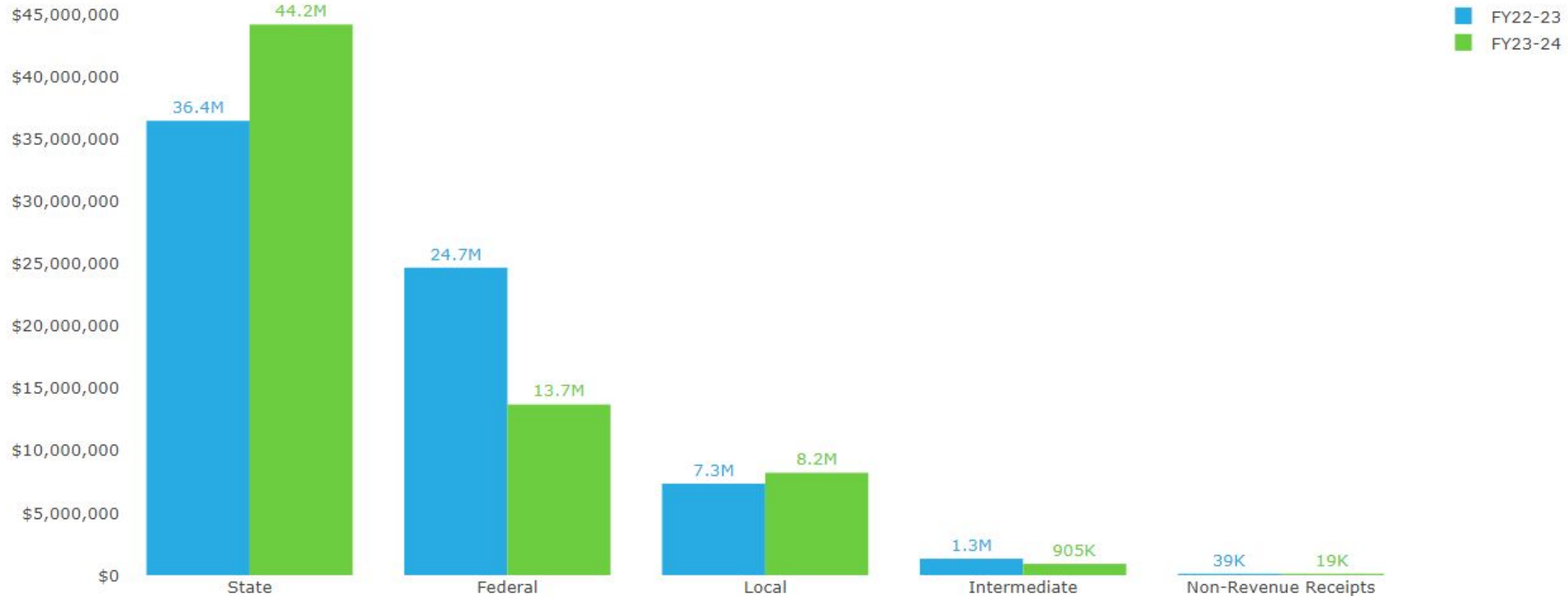
\$382M





Our projected revenue increase is mostly driven by increased state aid

FY24 Actual Revenue (Year-Over-Year) by Funding Source [General Fund]





As a reminder...we are receiving additional revenue this year based on state aid increases

- The following state legislation provided TPS additional funding:
 - **HB 2902:** Updates the transportation funding factor in the state aid formula from 1.39 to 2.0 and modifies the economically disadvantaged weight from .25 to .3.
 - **HB 2901:** Appropriates an additional \$500 million to the state education funding formula.
- We included **\$20.2M** in our FY24 General Fund Revenue Projection and are now estimating **\$20M** but won't know the exact amount until the mid-year adjustment in December/January
- A portion of these funds are legislated for teacher/certified staff salary increases



We expect to spend about \$20M more this year vs. last year based on our investments in increased teacher and hourly support professional compensation

The following graph describes the actual cumulative monthly expenditure in FY23-24 versus FY22-23. [Draft Projection Line]

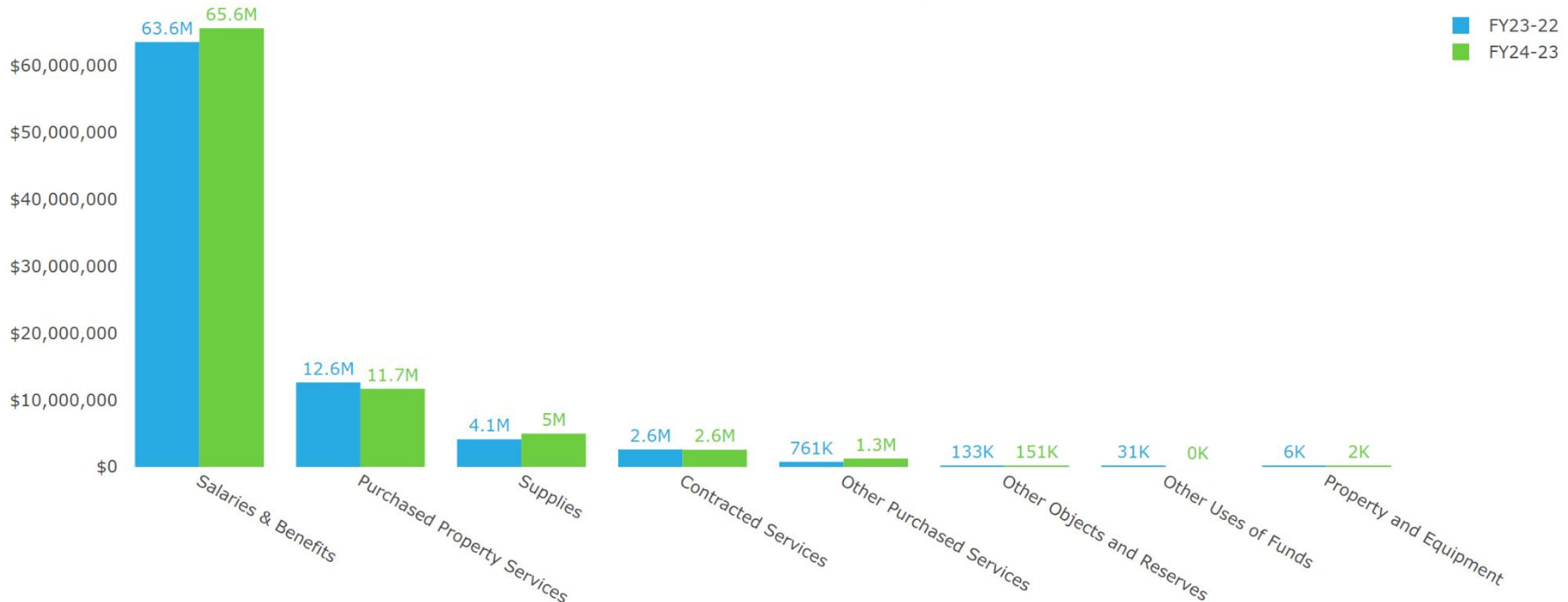
FY24 Actual Expenditure (Year-Over-Year) by Month [General Fund] Predicted year end:





\$2M of the October month-end increase is in salaries and benefits, which we would expect based on our investment in increased teacher and hourly support professional compensation

FY24 Actual Expenditure (Year-Over-Year) by Object Type [General Fund]

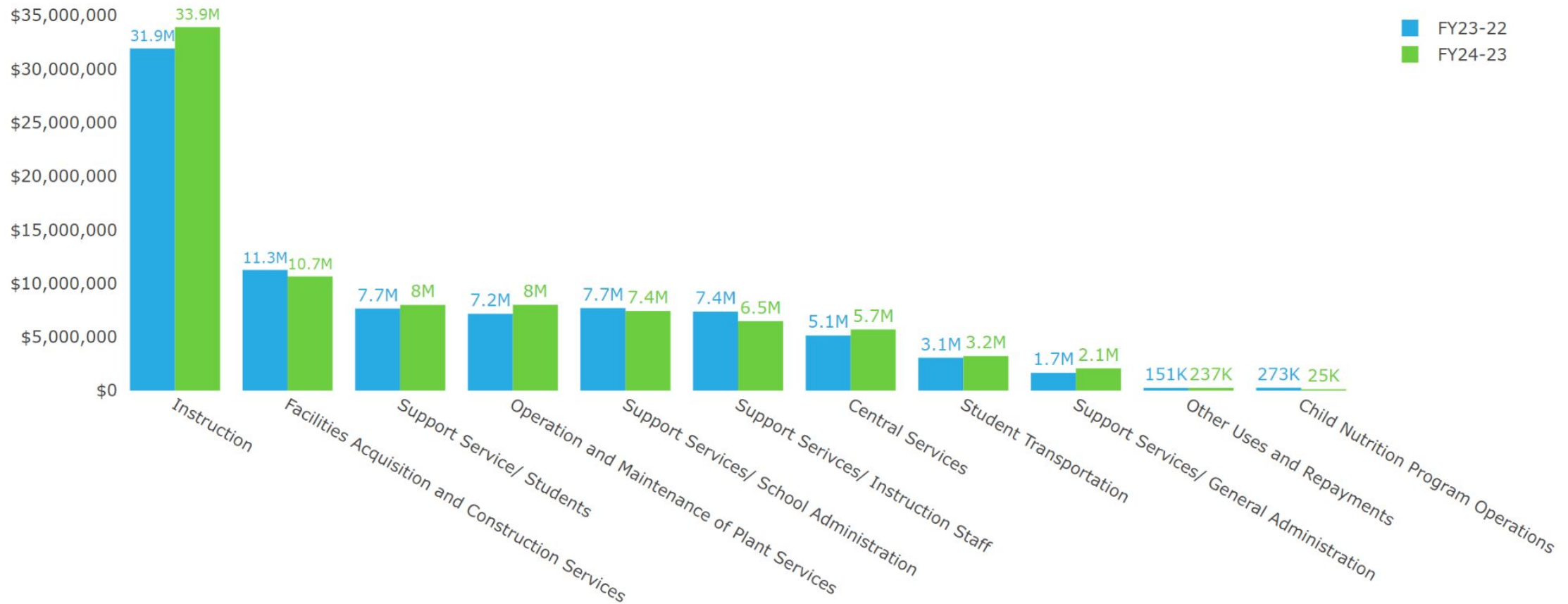


Our analysis shows that the increased spend in salaries and benefits is partly due to pay increases and partly due to filling more positions this year than last year



We are spending \$2M more on instruction this year than last year at this time

FY24 Actual Expenditure (Year-Over-Year) by Function Type [General Fund]





As a reminder...we are leveraging increased revenue for compensation investments for teachers and support professionals

We focused compensation investments in roles furthest away from market rates, with the greatest number of vacancies, and for staff that work directly with students with the goal of filling more positions. This included:

- Additional retirement contribution for teachers
- Recruitment and retention incentives
- \$2/hour increase for hourly support professionals
- State-legislated salary increases for certified employees based on SB 1119

SB 1119

Requires experienced-based raises for all certified employees (certified personnel, as defined in Section 26-103 of Title 70 of the Oklahoma Statutes*) including teachers, principal, supervisor, administrator, counselor, librarian, nurse (excludes superintendents and retired teachers who have returned to public school employment and are receiving a monthly retirement benefit):

- +\$3,000 (0-4 years)
- +\$1,000 for a total of \$4,000 (5-9 years)
- +\$1,000 for a total of \$5,000 (10-15 years)
- +\$1,000 for a total of \$6,000 (15+ years)

ESSER Overview

FY24 - as of October 31, 2023

Total allocated FY24

\$42,957,518

Spent

\$17,051,723

Encumbered

\$14,864,840

Remaining

\$11,040,955

- Total allocated FY24 reflects what we expect to spend for the year
- As of 10/31/23, we have spent \$17M, \$15M is encumbered, remaining balance of \$11M, which all funds are fully committed
- FY24 remaining balance - \$11M
 - \$ 6.9M | HVAC projects
 - \$ 3.1M | Ready Set Summer
 - \$ 1.0M | Stipends



ESSER Budget Updates

Additions to the Budget:

- Parent Resource Center renovations - \$200,000
- HS Summer Bootcamp - \$197,963
- Graduate Promise - \$300,000

Removed from the Budget:

- Transition Day - \$500,000



We assessed and enhanced our existing internal control processes, and have plans for further improvements

Completed priorities

- Established review and approval process for Foundation for Tulsa Schools disbursements (Apr 2022)
- Reviewed and updated processes; created new guidance and trained district staff (Jun 2023)
 - Proposals/Quotes
 - Requisition approvals
 - Invoice approvals
- Revised vendor setup process (Sep 2023)
- Established new fiscal reports
 - Detailed encumbrance reports (Oct 2023)
 - Expense reports (Nov 2023)
- Monthly* fiscal updates to the board (Sep 2023)

Upcoming strategies

- Restructuring some finance teams to improve controls' efficiency and support
- Developing a document storage process to ensure all finance documentation is available in a single location
- Developing additional guidance and staff training
- Evaluating implementation of a fraud detection software